



Why BlackBerry (TSX:BB) Stock Has Lost 23% in February

Description

The shares of Canadian software company **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) fell by over 16% last week. By comparison, the broader market traded on a mixed note, as the **S&P/TSX Composite Index** ended the week with a minor 0.4% loss. It was the third week in a row BlackBerry stock traded on a negative note. In these three weeks combined, it has shed around 23.4%. Nonetheless, the stock is still trading with about more than 60% gains on a year-to-date basis due to its solid 113% gains in January.

Let's take a closer look at some key factors for BB stock's recent losses and whether it's still worth buying.

BlackBerry stock

BlackBerry became one of the hottest topics on the Bay Street in January when its name appeared on the infamous Reddit community WallStreetBets. The members of this community mainly targeted heavily shorted stocks like **GameStop** and BlackBerry. They triggered a rally in such stocks by squeezing the shorts in an apparent fight against big institutional traders and hedge funds.

Reddit group was partly responsible for an insane rally in the BlackBerry stock price, as it also massively increased the volatility last month. However, its stock gains weren't completely baseless — I believe. For example, here are some recent positive developments that possibly set the stage for a big rally.

Focus on EVs and smart mobility

The company announced several positive updates in January that were enough to boost investors' confidence. BlackBerry settled its years-long patent-infringement disputes with the American tech giant **Facebook**.

Last month, BB expanded its automotive partnership with the Chinese tech giant **Baidu**. BlackBerry's

QNX Neutrino real-time operating system (OS) will be using Baidu's high-definition maps. Such high-definition maps are critically important for autonomous and connected vehicles. The Chinese automaker **GAC Group** will [use BlackBerry's QNX](#) Neutrino OS in its upcoming mass-produced Aion-branded electric vehicles (EVs). The development will help BlackBerry to expand its footprint in the world's largest and fastest-growing car market.

Previously in December, BlackBerry partnered with **Amazon** Web services to develop an integrated vehicle data platform. This data platform will enhance autonomous cars' functionality by allowing automakers to access and utilize vehicle sensor data in real time. BlackBerry plans soon to add more EV-specific functionalities to its data platform.

These developments might look normal at first. However, they could play a big role in defining the future trends in BlackBerry's financials. As the demand for EVs and autonomous cars continues to soar, BlackBerry could emerge as a big player in the industry.

Here's what hurt its stock

The American automaker **Ford** recently announced that it plans to start using Google Android in its cars instead of BlackBerry's QNX platform. Ford has been one of many large automakers that are using QNX OS in its cars for years. Its plans to start using Android in its vehicles in the future are likely to hurt BlackBerry's financials in the short term. Last week, **Canaccord Genuity's** analyst also [cut his ratings](#) on its stock. The analyst believes that its stock rose beyond his expectations last month due to the Reddit short-squeeze episode. These two factors explain last week's 16.5% drop in BlackBerry stock.

Foolish takeaway

In one of my recent articles, I explain why long-term investors should ignore short-term market noise — like the world's greatest investor Warren Buffett does. BlackBerry's increased efforts to gain from the upcoming electric vehicle and autonomous car revolution could help it exponentially grow its financials in the coming years. That's why I consider a recent drop in its stock price to be an opportunity for long-term investors to buy it cheap.

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Author

jparashar

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